

Microcredit Programs Foster Literacy and Help Thousands of Microbusinesses in Haiti

PORT-AU-PRINCE, Haiti—Magerit Dosen's biggest burden was not the load she carried to and from the market. It was that she could not read—a burden shared by 50 percent of Haitian women, according to the World Bank.

With her six children, Dosen lives in the

Rivye Sab region, on Haiti's southern peninsula. She buys cornmeal, fruits, and vegetables, and takes them to Port-au-Prince to sell. Then she buys shoes and other goods to take back home to sell.

Since she couldn't read numbers, she had to ask her clients to find their own shoe sizes.

Worst of all, she couldn't record the names of people who bought on credit.

Dosen received a loan from Fonkoze, a microcredit institution that offers training to its borrowers. One of her obligations was to take Fonkoze's literacy classes, free of charge, before she could get a second loan.

Dosen scored 100 percent on her final exam and got a second loan. Since then her business has grown, thanks to her new reading and bookkeeping skills and the credit she received.

Dosen is among 450,000 people—more than 6 percent of the country's population—who benefit from USAID microfinance programs in Haiti. Commercial banks, credit unions, village banks, and other lenders receiving USAID assistance lend from \$200 to \$3,000 each to more than 70,000 borrowers each year.

The program helped establish external audit standards and a credit information bureau on borrowers. It also launched a microfinance association, which promotes professionalism in microfinance and advocates for laws and regulations conducive to the expansion of the industry.

As a result of these efforts, the number of microentrepreneurs receiving credit

from USAID-assisted lenders has tripled since 2000.

By providing guarantees, USAID brought the Banque de l'Union Haitienne (BUH), the country's oldest private commercial bank, into the business of microlending in 1997. Within two years, the bank was offering small loans to Haiti's working poor in 14 sites, eight of them outside the capital city. Microcredit is one of BUH's major revenue and profit centers.

Two of Haiti's largest banks have followed suit and established microcredit programs with the support of other donors.

The multidonor Consultative Group to Assist the Poor praised USAID's microenterprise program in Haiti. It said the USAID program was successful because it provided support to a broad range of institutions and helped build the organizational capacity of banks.

After years of support, USAID stepped away from an unsuccessful microcredit effort in 1992. When Haiti's government agreed to float interest rates in 1995, USAID resumed a microcredit program—this time with much greater success. ★



Magerit Dosen is a client of Fonkoze, one of several microenterprise funds that USAID supported in Haiti. Dosen is one of 450,000 Haitians who has benefited from the Agency's microfinance programs.

Gabriel Verret, USAID/Haiti, contributed to this article.
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